



# S A W P A

SANTA ANA WATERSHED PROJECT AUTHORITY  
11615 Sterling Avenue, Riverside, California 92503 • (951) 354-4220

## NOTICE OF REGULAR MEETING OF THE PROJECT AGREEMENT 22 COMMITTEE

Interregional Landscape Water Demand Reduction Program

Committee Members:

Joe Grindstaff, General Manager, Inland Empire Utilities Agency  
Doug Headrick, General Manager, San Bernardino Valley Municipal Water District  
Paul D. Jones, General Manager, Eastern Municipal Water District, Chair  
Michael Markus, General Manager, Orange County Water District, Vice Chair  
John Rossi, General Manager, Western Municipal Water District

**THURSDAY, OCTOBER 26, 2017 – 8:00 A.M.**

### AGENDA

1. **CALL TO ORDER** (Paul D. Jones, Chair)

2. **PUBLIC COMMENTS**

Members of the public may address the Committee on items within the jurisdiction of the Committee; however, no action may be taken on an item not appearing on the agenda unless the action is otherwise authorized by Government Code §54954.2(b).

3. **APPROVAL OF MEETING MINUTES: AUGUST 24, 2017**..... 3

**Recommendation:** Approve as posted.

4. **COMMITTEE DISCUSSION ITEMS**

A. **PROPOSITION 84 INTEGRATED REGIONAL WATER MANAGEMENT DROUGHT GRANT AMENDMENT UPDATE (PA22#2017.17)** ..... 9

**Presenter:** Ian Achimore

**Recommendation:** Receive and file update.

B. **CONSERVATION-BASED WATER RATES PROJECT UPDATE (PA22#2017.18)** ..... 11

**Presenter:** Ian Achimore

**Recommendation:** Receive and file update.

C. **RETAIL WATER AGENCY METER GEOCODING AND BUSINESS TYPE CLASSIFICATION PROGRAM (PA22#2017.19)** ..... 39

**Presenter:** Rick Whetsel

**Recommendation:** Receive and file update.

D. **WEB-BASED WATER CONSUMPTION REPORTING AND CUSTOMER ENGAGEMENT PROJECT (PA22#2017.20)** ..... 41

**Recommendation:** Receive and file update.

E. **ON-LINE WEB APPLICATION AND CLOUD SERVICE (PA22#2017.21)** ..... 49

**Recommendation:** Receive and file update.

**5. FUTURE AGENDA ITEMS**

**6. ADJOURNMENT**

**PLEASE NOTE:**

Americans with Disabilities Act: Meeting rooms are wheelchair accessible. Please contact (951) 354-4220 or [kberry@sawpa.org](mailto:kberry@sawpa.org) at least 48 hours prior to the meeting if you require disability related accommodations, and specify the nature of the disability and the type of accommodation requested. Materials related to an item on this agenda submitted to the Commission after distribution of the agenda packet are available for public inspection during normal business hours at the SAWPA office, 11615 Sterling Avenue, Riverside, and available at [www.sawpa.org](http://www.sawpa.org), subject to staff's ability to post documents prior to the meeting.

**Declaration of Posting**

I, Kelly Berry, Clerk of the Board of the Santa Ana Watershed Project Authority declare that on Thursday, October 19, 2017, a copy of this agenda has been uploaded to the SAWPA website at [www.sawpa.org](http://www.sawpa.org) and posted in SAWPA's office at 11615 Sterling Avenue, Riverside, California.

/s/

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 Kelly Berry, CMC

**2017 Project Agreement 22 Committee Regular Meetings**

Fourth Thursday of Every Month

(Note: All meetings begin at 8:00 a.m., unless otherwise noticed, and are held at SAWPA.)

<b>January</b> 1/26/17 Regular Committee Meeting	<b>February</b> 2/23/17 Regular Committee Meeting
<b>March</b> <del>3/23/17 Regular Committee Meeting [cancelled]</del>	<b>April</b> 4/27/17 Regular Committee Meeting
<b>May</b> <del>5/25/17 Regular Committee Meeting [cancelled]</del>	<b>June</b> 6/22/17 Regular Committee Meeting
<b>July</b> <del>7/27/17 Regular Committee Meeting [cancelled]</del>	<b>August</b> <del>8/24/17 Regular Committee Meeting</del>
<b>September</b> <del>9/28/17 Regular Committee Meeting [cancelled]</del>	<b>October</b> 10/26/17 Regular Committee Meeting
<b>November</b> 11/16/17* Regular Committee Meeting*	<b>December</b> 12/28/17 Regular Committee Meeting

\* Meeting date adjusted due to conflicting holiday.

**2018 Project Agreement 22 Committee Regular Meetings**

Fourth Thursday of Every Month

(Note: All meetings begin at 8:00 a.m., unless otherwise noticed, and are held at SAWPA.)

<b>January</b> 1/25/18 Regular Committee Meeting	<b>February</b> 2/22/18 Regular Committee Meeting
<b>March</b> 3/22/18 Regular Committee Meeting	<b>April</b> 4/26/18 Regular Committee Meeting
<b>May</b> 5/24/18 Regular Committee Meeting	<b>June</b> 6/28/18 Regular Committee Meeting
<b>July</b> 7/26/18 Regular Committee Meeting	<b>August</b> 8/23/18 Regular Committee Meeting
<b>September</b> 9/27/18 Regular Committee Meeting	<b>October</b> 10/25/18 Regular Committee Meeting
<b>November</b> 11/15/18* Regular Committee Meeting*	<b>December</b> 12/27/18 Regular Committee Meeting

\* Meeting date adjusted due to conflicting holiday.



**PROJECT AGREEMENT 22 COMMITTEE**  
Interregional Landscape Water Demand Reduction Program  
**REGULAR MEETING MINUTES**  
**August 24, 2017**

**COMMITTEE MEMBERS PRESENT**

Joseph P. Grindstaff, General Manager, Inland Empire Utilities Agency  
Paul D. Jones, General Manager, Eastern Municipal Water District [Chair]  
Michael Markus General Manager, Orange County Water District [Vice Chair]  
John Rossi, General Manager, Western Municipal Water District

**COMMITTEE MEMBERS ABSENT**

Doug Headrick, General Manager, San Bernardino Valley Municipal Water District

**STAFF PRESENT**

Dean Unger, Ian Achimore, Larry McKenney, Rick Whetsel, Zyanya Blancas

**1. CALL TO ORDER/PLEDGE OF ALLEGIANCE**

The meeting was called to order at 8:00 a.m. by Chair Jones at the Santa Ana Watershed Project Authority, 11615 Sterling Avenue, Riverside, California.

**2. PUBLIC COMMENTS**

There were no public comments.

**3. APPROVAL OF MEETING MINUTES: June 22, 2017**

**MOVED**, approve the June 22, 2017 meeting minutes.

Result:	<b>Adopted (Unanimously; 4-0)</b>
Motion/Second:	Grindstaff/Markus
Ayes	Grindstaff, Jones, Markus, Rossi
Nays:	None
Abstentions:	None
Absent:	Headrick

**4. COMMITTEE DISCUSSION ITEMS**

**A. PROPOSITION 84 INTEGRATED REGIONAL WATER MANAGEMENT DROUGHT GRANT AMENDMENT AND RELATED PROGRAM IMPLEMENTATION ITEMS (PA22#2017.14)**

Ian Achimore provided a PowerPoint presentation on Proposition 84 Integrated Regional Water Management (IRWM) Drought Grant amendment and related program

implementation items.

SAWPA recommends requesting an extension of the IRWM Drought Grant Agreement for an additional year (to end in mid-2019). This extension will allow additional time to continue water rates implementation efforts, complete the OmniEarth, Inc./DropCountr Web-Based Water Consumption Reporting and Customer Engagement Project, further assist agencies with the Executive Order B-37-16 and continue the Turf Removal Program. This action will require an amendment to the IRWM Drought Grant Agreement.

Achimore proposed the shifting of approximately \$1,470,000 (the total of the \$1,150,000 for the Turf Removal Program and \$320,000 for Project Management) within the Proposition 84 IRWM Drought Grant agreement. Committee member Joe Grindstaff inquired about the additional \$320,000 in Project Management. Achimore stated that the level of effort for administration will exceed the original budget due mainly to the extension of time.

Providing further funding to the SAWPA Turf Removal Program will require the execution of sub-grantee amendments. With the Committee's approval, SAWPA would execute sub-grantee amendments after the IRWM Drought Grant Agreement amendment has been signed by DWR.

According to the Policy Statement No. 1 (2015), each individual property from the Turf Removal Program can receive no more than \$250,000 in IRWM Program grant funds without Committee approval. Currently, the West Valley High School, a Turf Removal Project by Eastern Municipal Water District, rebate amount is calculated to be \$281,000. Staff recommended approving this amount in order to utilize the cost savings as efficiently as possible due to the time constraint of the expected deadline of the grant (December 2018). The Committee agreed to continue screening any individual projects exceeding Policy Statement No. 1 on a case-by-case basis. Achimore then briefly referenced the Projected Spending Table and is summarized in the agenda packet page 12.

The Committee was then asked to provide feedback on the suggested "First come/first serve" allocation of grant funds for turf projects. This would serve as a method to incentivize the participating agencies to compete for the remaining grant funds beyond those itemized in the turf funding table provided in the PowerPoint presentation.

**MOVED,** (1) Approve the execution of an amendment to the Proposition 84 Integrated Regional Water Management Drought Grant Agreement to include changes such as:

- A. Shifting approximately \$1,150,000 in Emergency Drought Grant Program cost savings from Project 1 to Project 2.
- B. Shifting approximately \$320,000 in cost savings within Project 1 from Budget Category D to Budget Category A.

(2) Authorize SAWPA to execute sub-grantee agreement amendments to add the Emergency Drought Grant Program's cost savings to the current funding amounts in the agreements.

(3) Waive Policy Statement No. 1 for the Eastern Municipal Water District West Valley High School Turf Removal and Retrofit Project which is scheduled to receive a rebate partially over the \$250,000 per project ceiling.

(4) Provide feedback on the projected spending items shown in Table 2 of the memorandum.

Result: **Adopted (Unanimously; 4-0)**  
Motion/Second: Grindstaff/Rossi  
Ayes Grindstaff, Jones, Markus, Rossi  
Nays: None  
Abstentions: None  
Absent: Headrick

**B. RETAIL WATER AGENCY METER GEOCODING AND BUSINESS TYPE CLASSIFICATION PROGRAM (PA22#2017.15)**

Rick Whetsel provided a PowerPoint presentation on Retail Water Agency Meter Geocoding and Business Type Classification Program. On June 2017, the Committee authorized SAWPA staff to issue an RFP to provide comprehensive water meter geocoding services; perform NAICS classifications on CII accounts; and identify mixed meter CII accounts. Two firms responded and after a rigorous review process, Miller Spatial, Inc. was selected for their experience and cost. SAWPA staff requests the authorization of Task Order MSS504-301-01 for an amount not-to-exceed \$300,000 with Miller Spatial, Inc.

Once Task Order is authorized, Miller Spatial, Inc. is set to schedule a kick off workshop, perform individual agency meetings, complete the geocoding process, provide quality assurance reports, and provide agencies final product in a business point shape file with account attributes.

There are 15 agencies that are currently interested in the Meter Geocoding and Business Type Classification Program. SAWPA staff will finalize the number of committed agencies within the next two months and will work with consultant to get them all into the program if sufficient funds are available. The RFP initially was set up to assist 6 agencies. Additional agencies to the program will be brought forward to the Committee for approval.

Chair Jones praised the program and called for a motion.

**MOVED,** The Conservation Advisory Workgroup and SAWPA staff recommends that the Project Agreement (PA) 22 Committee authorize Task Order No. MSS504-301-01 with Miller Spatial Inc. for an amount not-to-exceed \$300,000 to implement the Retail Water Agency Meter Geocoding and Business Type Classification Program for agencies in the Santa Ana River Watershed, as well as the EMWD and WMWD service areas within the Upper Santa Margarita Watersheds.

Result: **Adopted (Unanimously; 4-0)**  
Motion/Second: Markus/Rossi  
Ayes Grindstaff, Jones, Markus, Rossi  
Nays: None  
Abstentions: None  
Absent: Headrick

**C. WEB-BASED WATER CONSUMPTION REPORTING AND CUSTOMER ENGAGEMENT PROJECT (PA22#2017.16)**

Rick Whetsel provided a status update PowerPoint presentation on Technical Based Information System: Web Based Water Consumption Reporting, Analytics and Customer Engagement Tool - Dropcountr Component.

SAWPA is working with Dropcountr and OmniEarth to implement a comprehensive solution to assist retail agencies in the Santa Ana River Watershed in meeting mandated water conservation targets.

SAWPA staff met with OmniEarth and Dropcountr to discuss low response by retail agencies in employing the customer outreach tools. Six of the nine retail agencies that have signed up with Dropcountr have been slow to implement or launch the customer outreach tools due to timing and delays (e.g. no regulatory drive, data quality issues, staff/board turnovers). The Committee requested that staff inform them of retail agencies with low responses to so that they may reach out to them and assist in any way possible.

Committee member Michael Markus asked if project goals were going to be met. SAWPA staff is confident that goals will be met and is currently working on subscription fees, whereas OmniEarth stated they will not raise their cost.

Chair Paul Jones requested staff to present a summary of upcoming outreach meetings with low response retail agencies at the next PA22 Committee meeting and a generalized schedule of their progress.

Larry McKenney emphasized the level of administration being used for this component of the Grant Agreement. He stated that administrative cost has increase due to the higher level of guidance and assistance some of the participating agencies need.

**MOVED**, to receive and file this status report on the OmniEarth, Inc./DropCountr Web-Based Water Consumption Reporting and Customer Engagement Project.

Result:	<b>Adopted (Unanimously; 4-0)</b>
Motion/Second:	Rossi/Grindstaff
Ayes	Grindstaff, Jones, Markus, Rossi
Nays:	None
Abstentions:	None
Absent:	Headrick

**5. FUTURE AGENDA ITEMS**

- Staff summary of Web-based Water Consumption Reporting and Customer Engagement Project outreach meetings.

**6. ADJOURNMENT**

There being no further business for review, Chair Jones adjourned the meeting at 8:43 a.m.

**Approved at a Regular Meeting of the Project Agreement 22 Committee on Thursday,  
October 26, 2017.**

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Paul D. Jones II, Chair

Attest:

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Kelly Berry, CMC  
Clerk of the Board

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**PA 22 COMMITTEE MEMORANDUM NO. 2017.17**

**DATE:** October 26, 2017  
**TO:** SAWPA Project Agreement 22 Committee  
**SUBJECT:** Proposition 84 Integrated Regional Water Management Drought Grant Amendment Update  
**PREPARED BY:** Ian Achimore, Senior Watershed Manager

**RECOMMENDATION**  
 Receive and file this update.

**DISCUSSION**  
 After approval of the Proposition 84 Integrated Regional Water Management Drought Grant amendment on August 24 by the PA 22 Committee, SAWPA staff submitted the request to the Department of Water Resources (DWR). At the time of the writing of this memorandum, the DWR has not executed the grant agreement amendment. SAWPA staff met with two grant managers the week prior to submitting the amendment, and they indicated support for the amendment.

**BACKGROUND**  
 As approved by the PA 22 Committee, the grant amendment moves funding between Budget Categories and Projects as shown in the table below. It also lengthens the schedule from June 30, 2018 to June 30, 2019. SAWPA staff has subsequently requested the schedule to be extended even further to December 31, 2019, six months beyond the initial request but DWR staff has not indicated their support of that additional request at the time of drafting this memorandum.

Before and After Proposed Amendment			
Budget Category*	Project 1 Current Budget	Project 1 Amended Budget	Delta
A	\$875,000	\$1,194,852	+\$319,853
B	\$0	0	0
C	\$50,000	\$50,000	0
D	\$6,662,610	\$5,190,824	-\$1,471,786
<b>Total</b>	<b>\$7,587,610</b>	<b>\$6,435,676</b>	<b>-\$1,151,934</b>
Budget Category*	Project 2 Current Budget	Project 2 Amended Budget	Delta
A	\$0	\$0	\$0
B	\$0	\$0	\$0
C	\$0	\$0	\$0
D	\$5,272,500	\$6,424,434	+\$1,151,934
<b>Total</b>	<b>\$5,272,500</b>	<b>\$6,424,434</b>	<b>+\$1,151,934</b>
<b>Grant Authority (Total Project 1 + Total Project 2)</b>	<b>\$12,860,110</b>	<b>\$12,860,110</b>	<b>\$0</b>

\*Category Names: A – Project Administration, B – Land Purchase, C – Planning, and D – Construction.

Project 1 is the Conservation Based Reporting Tools and Rate Structure Implementation Project and Project 2 is the High Visibility Turf Removal and Retrofit Project.

**CRITICAL SUCCESS FACTORS**

The following OWOW critical success factors are addressed by this action:

1. Administration of the OWOW process and plan in a highly efficient and cost-effective manner.
2. Data and information needed for decision-making is available to all.

**RESOURCE IMPACTS**

Funding for the budget amendment preparation task will come from the Proposition 84 IRWM Drought Grant shown in the labor categories within the FYE 2018 fiscal year in the Committee's two year budget.

**PA 22 COMMITTEE MEMORANDUM NO. 2017.18**

**DATE:** October 26, 2017

**TO:** SAWPA Project Agreement 22 Committee

**SUBJECT:** Conservation-Based Water Rates Project Update

**PREPARED BY:** Ian Achimore, Senior Watershed Manager

**RECOMMENDATION**

It is recommended that the Project Agreement 22 Committee receive and file this update.

**DISCUSSION**

The retail water agencies that have contracted with SAWPA to study and possibly adopt conservation-based water rates (also known as budget-based rates) are in different stages of the rate setting process. A summary of major milestones by retailer is provided below:

No.	Retail Water Agency	Rate Study Begin	Rate Study Final Draft	Rate Adoption Goal	Rate Implementation Goal
1	Cucamonga Valley WD	Aug-16	Sep-17	N/A	N/A
2	East Valley WD	Jul-14	Jan-15	Jun-15	Jun-15
3	Garden Grove City	Sep-16	Aug-17	N/A	N/A
4	Chino City	Jan-16	Apr-17	Jun-18	Jul-18
5	Chino Hills City	Apr-16	Oct-17	Feb-18	Jul-18
6	Hemet City	Nov-15	Nov-17	Feb-18	Apr-18
7	Rialto City*	Sep-15	Mar-18	Jul-18	Oct-18
8	San Jacinto City	Sep-16	Sep-17	Dec-17	Jun-18
9	Tustin City	Aug-16	Oct-17	Nov-17	Jan-19

\*Target schedule; assumes data transfer from billing system to the rate study consultant is on schedule.  
 Grey Cells = Retailer's evaluation of conservation-based rates is complete.

Since the update to the Committee on April 27, 2017, Garden Grove on August 22 and Cucamonga Valley Water District (CVWD) on September 20 presented their rate evaluations and received feedback from their governing boards not to move forward with a conservation-based water rate structure. The major reason for not implementing conservation-based rates for Garden Grove was the amount of staff time, particularly for their Water Services and Billing departments, that would be devoted to rate change issues. A large amount of staff time under their conversion from a uniform rate to tiered rates was required, especially when working with community members and customers who had questions about the change. The major reason for not implementing conservation-based rates for CVWD was that their rate model projected that rates would have to increase due to the expected demand reduction that would occur when customers received bills based on budgets. Like Garden Grove, the other major reason was the complexity of the rate structure and the staff time that would be needed to work with community members and customers so they understand the budget-based approach.

Staff met with Garden Grove and CVWD staff both before and after their governing boards took action and some major lessons learned from the rate evaluation process include:

- The amount of State grant funding has not significantly impacted governing board support whether to proceed with conservation based water rates.
- There is a high amount of GIS staff time devoted to “scrubbing” the retail agencies customer demand data once it is available from a retailer’s billing system and that should be explained thoroughly prior to retailers agreeing to evaluate these rates;
- Outdoor water budgets based on a certain percentage of parcel lots rather than based on aerial imagery may be more appealing from a data management perspective;
- It’s helpful for a governing board to adopt policy objectives for their rates prior to the decision on whether to adopt conservation-based rates;
- After going through the process of creating water budgets by customer accounts, retailers have useful information for demand forecasting and water conservation.

Staff is continuing to coordinate with the six remaining retail water agencies as the Proposition 84 Drought Round Grant Agreement deliverable to the Department of Water Resources is that five to 10 retail water agencies adopt conservation-based water rates. Staff will continue to coordinate with the agencies to ensure they have the tools needed to prepare their governing boards for a rate evaluation.

#### Governing Board Decision Making Processes

SAWPA is interpreting the contract between each of the retail agencies who have partnered on rate studies such that once a governing board decides that they are no longer interested in evaluating conservation-based rates, even if that decision is before Proposition 218 hearings, they are not eligible for receiving grant funds for costs incurred after that decision. This question arose as staff was coordinating with Garden Grove and CVWD which took their rate evaluations to their governing boards outside of a Proposition 218 process.

This interpretation is in line with the retail agencies’ contract language that specifies that the allocation of grant funds is available for an agency to prepare for an evaluation of conservation-based rates to their governing board. Once the evaluation has been presented and a board decides against proceeding with budget based rates, as was done with Garden Grove on August 22, then the agency is no longer eligible for costs incurred after that governing board decision.

#### City of San Jacinto Rate Study

Staff and the City of San Jacinto have been coordinating as the City is planning to propose a rate structure where there is no difference in the price of tier 1 and tier 2 water because the City’s is projecting a need for just one source of supply. The rate structure would still comply with the PA 22 Committee’s policy definition of conservation-based rates as the City’s tier 3 water price is escalating.

The PA 22 Committee’s Policy Statement is included in the contracts with each agency. As shown in the recitals section, it reads:

*SAWPA adopted a policy statement that defined adoption of conservation-based water rate structures as an agency transitioning from a flat or tiered rate structure to a customer-specific allocation that follows*

*an increasing block rate structure that includes at least three blocks, with one or more blocks accounting for high or exceeding water use, based on State efficiency standards or more stringent efficiency standards. The policy statement specified that the customer class for which the rate applies shall comprise at least 50 percent of the agency's potable water demand.*

Unlike the first two tiers that reflect the cost of the City's groundwater supply source, the City's tier 3 is based on the cost for additional City conservation staff. San Jacinto's rate structure would also apply to more than 50% of the agency's potable water demand and the City defines its indoor allocation using 55 gallons per capita per day, which is based on State efficiency standards. Although there is no difference in the price for the first two tiers, the definition of an indoor and outdoor allocation will promote water use efficiency by raising awareness through customer billing.

#### California Data Collaborative's Rate Comparison Tool

As discussed at the PA 22 Committee's April 27, 2017 meeting, staff explored the use of the California Data Collaborative's Rate Comparison tool as a potential eligibility gate for the Santa Ana River Conservation and Conjunctive Use Program's (SARCCUP) conservation-based rates component. The PA 22 Committee was generally supportive but SAWPA staff indicated that they still needed to coordinate with the PA 22 Committee's advisory workgroup. Subsequently, the advisory workgroup agreed it was a potentially useful tool, but the consensus was that an eligibility gate, which would be in addition to DWR's grant standard requirements, would dampen interest from potential retail water agencies. At this time, staff suggests that it may be a recommended tool to retail water agencies interested in SARCCUP's rate component but not as an eligibility gate. Staff plans to begin notifying retailers in the Santa Ana River Watershed of the SARCCUP's rate component. As the legislature takes action on the Governor's Executive Order *Making Conservation a California Way of Life*, there will likely be a renewed interest in water conservation, even though the recent drought is largely over.

#### Conservation-Based Water Rates Outreach Project

SAWPA staff, Mr. Tom Ash of Inland Empire Utilities Agency and CV Strategies have been working on the Conservation-Based Water Rates Outreach Project since execution of the CV Strategies \$25,000 contract in October, 2017. To date, seven Frequently Asked Question (FAQ) documents have been released and distributed to the nine rate agencies partnered in the program, as well as rate consultants and the SAWPA member agencies, Rancho California Water District and the Municipal Water District of Orange County. They have also been posted to SAWPA's social media account. The topics covered include:

1. Why Conservation-Based Rates and Why Now?
2. What is the Difference Between Conservation-Based and Other Rate Structures?
3. Preparing for a Successful Public Process.
4. Legality of Conservation-Based Rates. Why Are They Defensible?
5. How to Talk About Fixed Costs.
6. How Are Conservation-Based Rates Fair to All Customers?
7. Maintaining the Structure during the Implementation Phase.

Since there is a balance of approximately \$6,500 remaining in the CV Strategies contract, SAWPA is working with the six remaining retail agencies to see if they would benefit from a brief video that

accompanies an agency's Proposition 218 rate notification and explains conservation-based rates to customers.

**Background**

SAWPA and the Department of Water Resources (DWR) executed the IRWM Grant Agreement for the Emergency Drought Grant Program on July 20, 2015. Under the Grant Agreement, \$12,860,110 is provided in Proposition 84 grant funding and \$10,645,000 is accounted as matching funds, for a total project cost of \$23,505,110. There are two Projects with the Program, Project Number 1: Conservation Based Reporting Tools and Rate Structure Implementation, and Project 2: High Visibility Turf Removal and Retrofit.

**CRITICAL SUCCESS FACTORS**

The following OWOW critical success factors are addressed by this action:

Administration of the OWOW process and plan in a highly efficient and cost-effective manner.

**RESOURCE IMPACTS**

Funding for managing the Conservation-Based Water Rates Project comes from the Proposition 84 Drought Grant. Any unused budget for conservation based rate support will be brought back to the PA 22 Committee for consideration of support for the Conservation-Based Water Rates project or other components of the Emergency Drought Grant Program in the future.

Attachments:


- FAQ Documents




## **EMERGENCY DROUGHT GRANT PROGRAM: IMPLEMENTING CONSERVATION-BASED WATER RATES**

### **Why Conservation-Based Rates and Why Now?**

By looking at what the State is requiring and at the eight water agencies in the Santa Ana River Watershed that have already adopted conservation-based water rates, this question can be answered by considering these important issues:

 **Financial stability:** By recouping fixed costs more effectively through conservation-based rates, agencies avoid the frequent and dramatic rate increases required to recover revenue lost to reduced water demand. By avoiding revenue shortfalls, agencies can fund operations, maintenance and capital replacement programs, while maintaining healthy reserves to qualify for the lowest interest on loans.

 **Fairness:** Conservation-based rate systems develop individualized efficiency targets that meet the unique needs of each customer. Efficiency targets consider the number of people in a household, size and type of landscaping, and weather conditions to ensure an accurate monthly water allocation. Efficient users who fall within their individualized allocation are rewarded with the lowest rates, while wasteful water users pay more.

### **A New Approach to an Old Problem**

The new normal embraces the realization that efficiency is the key to managing limited supplies. State agencies are crafting a plan to implement the Governor's Executive Order B-37-16, which requires that conservation become a permanent way of life in California. Rather than using a percentage conservation reduction, the State will utilize an efficiency target allocation that is based on local climate, population and land use within each agency's service area. As part of the new approach, the State is encouraging water suppliers to adopt conservation-based rates to help manage revenue fluctuations that accompany cutbacks.

### **The Cost of Efficiency**

Efficiency can be costly to water providers as strongly demonstrated during the current drought. According to an economic impact analysis of the Governor's Executive Order B-29-15, which imposed the first-ever mandatory water reductions in California in 2015, public agencies lost \$673 million in net revenue that year.

# CONSERVATION-BASED RATES: TOOL OF THE FUTURE

This pricing structure is intended to deliver equity for customers and financial health for agencies, and is a valuable tool for responding to the Governor's Executive Order B-37-16. It provides:



*Customized budgets for every customer designed to meet individual needs while encouraging efficiency*



*Different price levels for indoor, outdoor and inefficient use*



*Fair treatment for customers based on their need*



*Long-term financial stability for agencies*

## What's next?

This is the first in a year-long series distributed by SAWPA to agencies in the Santa Ana River Watershed. SAWPA's goal is to provide this information as an evolving roadmap addressing the questions and issues public agencies may face on the path to conservation-based rates.

For more information, or to suggest a question or topic, please contact: **Ian Achimore at 951-354-4233.**

## AGENCIES IN THE SANTA ANA RIVER WATERSHED:

### WHO IS ALREADY USING THESE RATES?

### WHO IS ANALYZING THESE RATES?



Cucamonga Valley®  
Water District  
*Service Beyond Expectation*







A conservation-based rate structure can be designed to send a water efficiency message to customers.

## CONSERVATION-BASED RATES: WHAT MAKES THEM DIFFERENT?

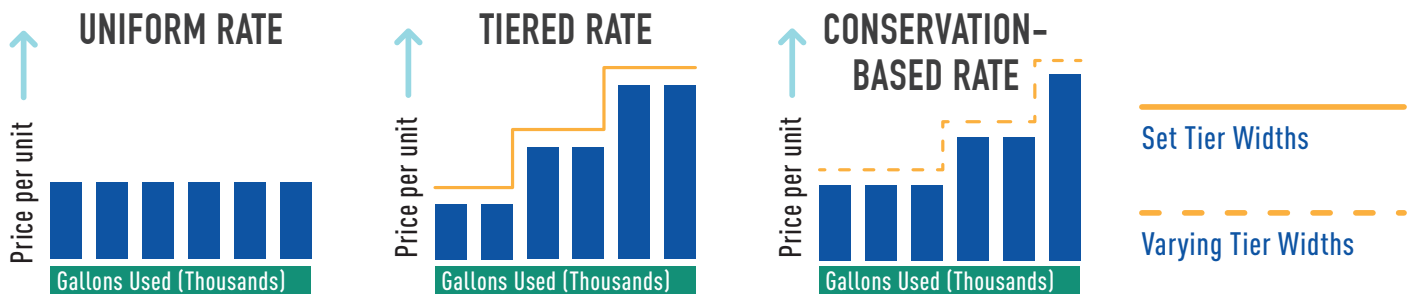
### What is the Difference Between Conservation-Based and Other Rate Structures?

**Uniform rates** apply the same cost of water regardless of the amount used. Charging the same rate on all water is a disincentive for efficiency and is a reward for inefficient users.

**Traditional tiered rates** employ increasing price tiers based on consumption. Tiers are fixed allocations where the unit price of water increases as use moves into higher tiers. Traditional tier structures do not account for weather or differences in the size of household and property.

**Conservation-based rates** use individualized water budget allocations based on such factors as the number of residents in a household, amount of landscaped area and daily weather. Customers at or below their budget pay the lowest rates; those who exceed their allocation pay increasing rates. This structure encourages efficiency in a fair manner for customers with different needs.

### Rate Structure Comparison



### How do conservation-based rates support revenue stability?

- » Water agencies employing conservation-based rates and sufficient fixed charges maintain more stable revenue recovery in both wet and dry periods, when less water may be sold.
- » Typically, most of an agency's costs of service are fixed, for things such as maintenance, operations and debt service; those costs must be recovered regardless of how much water is sold.
- » Conventional rate structures (low fixed charges + high water rates) depend on selling a certain amount of water in order to fund an agency's cost of service.
- » With conservation-based rates, a sufficiently set fixed charge recovers necessary fixed costs independently of water sales, helping to stabilize revenue in both wet and drought years.
- » The allocation and costs charged for efficient and inefficient water use with conservation-based rates more accurately reflects the State's efficiency-target regulation.

## How Individualized Conservation-Based Tiers are Calculated

### TIER 1 INDOOR BUDGET



Based on the number of people in a household and average per-person water needs

### TIER 2 OUTDOOR BUDGET



Based on landscape area and daily weather

### TIER 3 INEFFICIENT USE



A percentage of water used over the total indoor and outdoor budgets

### TIER 4 EXCESSIVE USE



The amount of water in excess of tier 3 inefficient use; tied to more expensive water sources

## WHAT ARE WATER AGENCIES SAYING ABOUT CONSERVATION-BASED RATES?

- *"It puts the responsibility and the choice in the hands of the customers."* **Joone Lopez, General Manager, Moulton Niguel Water District**
- *"It's going to be a tool that allows people to understand when they're wasting water. They understand the fairness. They can see what it means to them individually."* **John Rossi, General Manager, Western Municipal Water District**
- *"First it's educating the board members then it's educating the staff and it's educating the customers. Once the light bulb comes on and you see how effective budget-based rates can be, you end up saying, 'Why didn't we do it ten years ago?'"* **Scott Colton, board member, Moulton Niguel Water District**
- *"Going through this budget-based process made my board truly understand our operation and how the revenues and how our expenses are covered...than they ever would by doing their traditional fixed-based that we used to do."* **John Mura, General Manager, East Valley Water District**
- *"We do have a fixed monthly meter charge, and it's fairly modest, but our fixed costs are entirely covered in the fixed monthly meter charge and by tier 1 and tier 2, so we can actually talk about water use efficiency and ask our customers to cut back and not go into the board room and get worried about being able to cover our expenses. It's purposely structured that way."* **Paul Jones, General Manager, Eastern Municipal Water District**
- *"By assigning costs to the appropriate tiers and providing a clear explanation of how the rate structure works IRWD has gained wide support from customers."* **Paul A. Cook, General Manager, Irvine Ranch Water District**

To hear a discussion about conservation-based rates, visit: [https://youtu.be/mZdoL\\_5qdac](https://youtu.be/mZdoL_5qdac)



Early and effective communication with customers is a key component in successful implementation of conservation-based rates.

## CONSERVATION-BASED WATER RATES: PREPARING FOR A SUCCESSFUL PUBLIC PROCESS

Smoothing the way for adoption of conservation-based rates requires purposeful outreach to address customers' budgets. Communication should focus on customer benefits such as individualized allocations based on household size and weather, and the low cost of water used efficiently.

### Essential components of rate-setting outreach

- » **Create** a game plan for educating customers early
- » **Establish** a rate implementation date by working backward through the steps
- » **Complete** a cost of service study, placing fixed costs and variable costs in context
- » **Be prepared** to show the methodology behind setting budgets and charges, such as state guidelines for establishing indoor and outdoor budgets
- » **Understand** how the new rate design will impact key stakeholders (bills go up, down or little change)
- » **Conduct** a public hearing that presents the rate study clearly and concisely, isolating information that is important to customers

### What to include in the Proposition 218 Notice

#### Topics to cover:

- » The mission of the water provider
- » Rates fund safe, reliable water service
- » Factors behind any rate increases, such as rising energy prices, environmental requirements, state regulations, cost of imported water and conservation program expenses
- » The new rates are designed to (1) accurately recover public agency costs, (2) establish efficiency targets and (3) be fair and equitable to all end-users
- » Conservation-based rates are designed to reward efficient water use with the lowest rates and recover costs for the most expensive sources of water

## Important points for public hearings

Avoid long, financial PowerPoint presentations and focus instead on the way allocations under conservation-based rates are tailored for each customer, based on need. Emphasize the simplicity of this rate structure and highlight benefits: efficient water use results in lower bills.

### INTERNAL TOOLS: PREPARE STAFF & ELECTED OFFICIALS FOR THE TRANSITION

- Develop talking points and FAQs
- Conduct customer service training for staff who interact with the public
- Create a rate hearing script
- Prepare board and staff for hearing
- Prepare for the variance request process with website information and staff training

### EXTERNAL TOOLS: HELP CUSTOMERS UNDERSTAND THE NEED FOR CONSERVATION-BASED RATES

- Reach out to customers through newsletters, bill inserts, website and social media posts, press releases, community workshops and the Prop 218 notice
- Conduct pre-hearing presentations for large users and other impacted groups
- Create social media posts and schedule
- Generate public presentation materials, advertising and handouts
- Create an online water budget and bill estimator tool

## The Outreach Process



To hear a discussion about conservation-based rates, visit: [https://youtu.be/mZdoL\\_5qdac](https://youtu.be/mZdoL_5qdac)



**SANTA ANA  
WATERSHED  
PROJECT  
AUTHORITY**

**The pricing of tiers  
must be linked to  
the cost of meeting  
additional demands.**

## **CONSERVATION-BASED RATES: ENSURING LEGAL DEFENSIBILITY**

The legality of conservation-based rates has been top of mind since the City of San Juan Capistrano's rate structure was ruled unconstitutional. The case highlighted the need to tie rates to the cost of service.

## **THE SAN JUAN CAPISTRANO CHALLENGE**

In *Capistrano Taxpayers Association v. City of San Juan Capistrano*, the 4th District Court of Appeal struck down the City's rates in 2015. The case centered on several issues:

- » The City did not calculate the actual cost of service for its four price tiers.
- » Instead of justifying the price points for its tiers, the City assigned arbitrary percent increases over the first tier.
- » The relative cost of four of San Juan Capistrano's five sources of water was not itemized.

### **What was Learned: Keeping it Legal**

The San Juan Capistrano case made one thing clear: Water providers must show their work when setting rates.

The court ruling applied to punitive tiered pricing, but not tiered rates in general. Conservation-based rates (also known as budget-based rates) built around the cost of providing water are legal. Providers must be able to show that pricing is based on costs of meeting the needs of a specific customer.

If a water provider must tap in to more expensive supplies, that cost can be reflected in the tiers. Costs may also include conservation, required peaking capacity and the cost of investigating new supplies, but the allocation of such costs must be well documented.

## Proposition 218

Proposition 218, passed in 1996, requires government agencies to charge only the cost of a service and no more.

### To avoid challenges under Proposition 218, agencies should have a rate study to:



#### IDENTIFY COSTS AND REVENUE REQUIREMENTS

*Determine the income necessary to recover costs for such things as operations and maintenance, capital expenses and debt service obligations.*



#### ALLOCATE COSTS TO CUSTOMER CLASSES

*Consider varying costs of existing sources of supply, the costs of developing alternative supplies and water conservation programs, and the costs of increasing storage and delivery capacity.*



#### DESIGN RATES

*The structure should be equitable to customers, achieve revenue stability for the agency and send an effective conservation signal.*



A study with conservation-based rates is no different. Items such as landscape measurements and weather data are factors that help a water agency better forecast demand (i.e. costs).

To hear a discussion about conservation-based rates, visit: [https://youtu.be/mZdoL\\_5qdac](https://youtu.be/mZdoL_5qdac)



Fixed costs are like home mortgages - they must be paid even if a house is vacant. Fixed costs to maintain the water delivery system occur whether the customer used one drop or 1,000 gallons.

## CONSERVATION-BASED RATES: HOW TO TALK ABOUT FIXED COSTS

Water providers face numerous expenses to keep the pipes and pumps running, meters read and customer service staffed. It is imperative that customers understand the nature of those costs and what role they play in their water bill.



## WHAT ARE FIXED COSTS ANYWAY?

Fixed costs are expenses that remain relatively unchanged throughout the year, irrespective of the volume of water produced. They include the billing system, customer service, meter reading, debt service and infrastructure replacement costs.

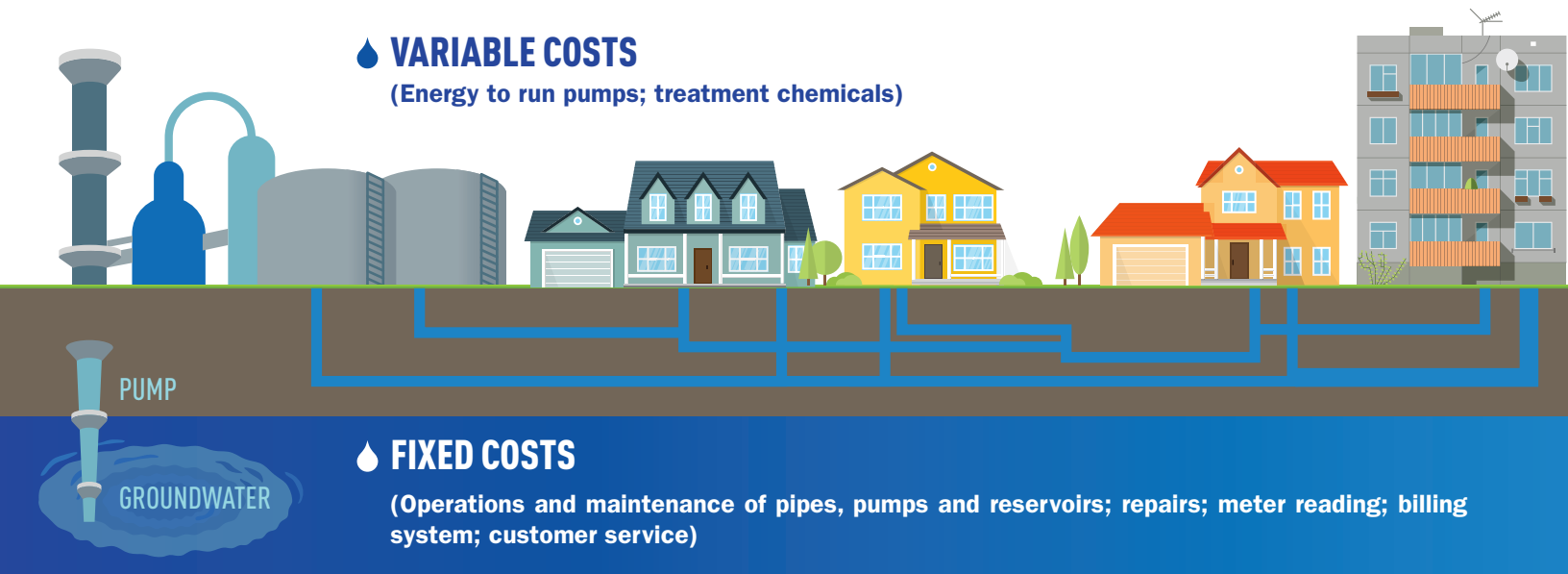
## Communicating Effectively About Fixed Costs

Some points to remember when talking to customers about designing rates to recover more of an agency's fixed costs:

- » Most of an agency's total operating costs go toward keeping the water system running and do not vary with the amount of water used.
- » Water agencies must continually replace pipes, pumps and other equipment, which have a useful life of about 50 years. This ongoing maintenance is a fixed expense that averts more costly emergency water main breaks and ensures reliable service.
- » Regular leak inspections, hydrant tests and water sampling are recurring charges that ensure high-quality water and dependable service.
- » The water delivery system must be maintained and accessible to customers 24/7/365. When water volume goes down, as it did during California's recent five-year drought, some of the fixed costs need to be recovered through water rates.

## Revenue requirements

- » When fixed costs are imbedded into the variable water rates, agencies must sell exactly the right amount of water to maintain stable revenues.
- » Collecting fixed costs as independently as possible from water sales allows for adequate cost recovery.
- » Aligning fixed costs with the fixed portion of revenue helps maintain revenue stability and prevents rate hikes.



## Fixed Cost Recovery Can Offset Drought Impacts

- » Agencies with higher fixed charges weathered the drought without serious financial impact.
- » There is no law or regulation that says a water provider can recover only up to 30 percent of fixed costs on a fixed charge.
- » While abiding by Prop 218, agencies are free to set a fixed charge at any percentage of total costs.

*“Unless utilities accurately anticipate reduced water demand, they will get stuck in a negative feedback loop of “revenue catch-up” in an attempt to meet cost requirements. This phenomenon is the new normal ... in which any revenue loss is traditionally made up by increasing rates. This can lead to further conservation and reduced water sales, which would only exacerbate insufficient revenue.”*

– Center for Water-Energy Efficiency, University of California, Davis

To hear a discussion about conservation-based rates, visit: [https://youtu.be/mZdoL\\_5qdac](https://youtu.be/mZdoL_5qdac)





**SANTA ANA  
WATERSHED  
PROJECT  
AUTHORITY**

SAWPA

Water budgets are tailored to customers' individual indoor and outdoor water needs. Those who stay within budget pay the lowest rates.

## CONSERVATION-BASED RATES: FAIR TO ALL CUSTOMERS?

This approach recognizes that customers have different water demands based on the size of their household and yard. No matter the budget, everyone is expected to be efficient with their water use.



### Ensuring Equity

This rate structure isn't intended to benefit customers with small families or no lawn. Conservation-based rates reward those who use water efficiently, no matter the size of their household or yard. The lowest priced water is in the first two tiers, for indoor and outdoor use, which consider the number of residents and landscaped area of a home. The rates in the third tier and beyond – considered inefficient use – reflect the higher price of acquiring additional water supplies.



When it comes to debating the fairness of conservation-based rates, much of the discussion centers on the second tier, which represents **OUTDOOR WATER** use.

**TIER 1  
INDOOR BUDGET**



**TIER 2  
OUTDOOR BUDGET**



**TIER 3  
INEFFICIENT USE**



**TIER 4  
EXCESSIVE USE**





## Setting Outdoor Budgets

Larger lots tend to have landscaping with more vegetation, such as turf grass. When these property owners exceed their outdoor budgets, they pay more because the volume of water they are using for irrigation is more than a small lot owner.

This rate structure often depends on State conservation standards such as weather data and evapotranspiration for setting outdoor budgets. The standards recognize that more vegetation requires more water, particularly in arid regions.

## Reducing Hardships

Switching from traditional tiered water rates to conservation-based rates rewards low-income customers who are efficient because the water in efficient tiers is always billed at the lowest price.

Efficient low-income customers do not subsidize higher water users and do not fund local conservation programs.

## Working with Local Government

One of the principles of conservation-based rates is consideration of irrigable area on a residential lot. It is important for water providers to respect lot sizes set and zoned by local planning departments and budget enough water to serve those parcels.



To hear a discussion about conservation-based rates, visit: [https://youtu.be/mZdoL\\_5qdac](https://youtu.be/mZdoL_5qdac)

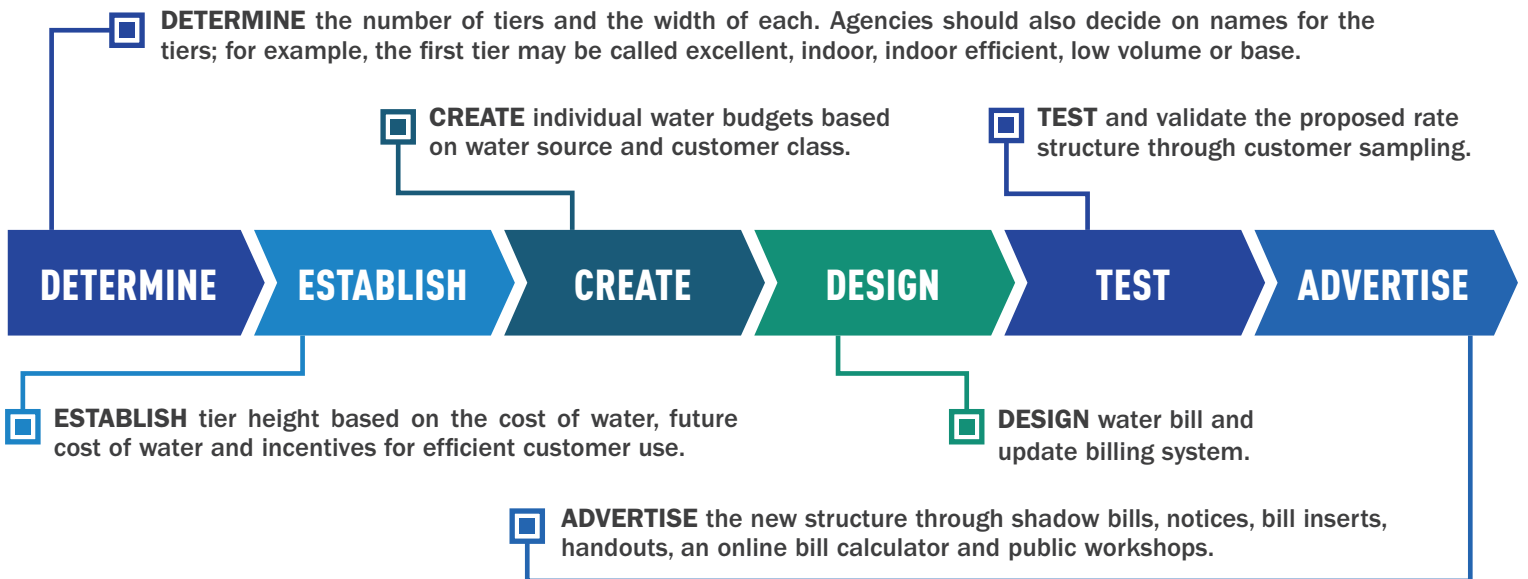


**Before rolling out conservation-based rates, agencies should plan for public reaction and address technical issues.**

## **CONSERVATION-BASED RATES: IMPLEMENTATION – ADJUSTMENTS & MONITORING**

Once a conservation-based rate structure is adopted, it is important that water agency staff have a plan for implementing individual budget allocations, granting variances and maintaining the system long term.

### **Implementing the new rate structure**



### **Ensuring success through variances**

Customers’ individual needs can be accommodated through the variance process. Generally, those requesting an increased budget submit a form to the agency with proof or documentation to support the change. These adjustments are typically given for:

- » Greater household size
- » Large animals, including livestock
- » Swimming pool filling
- » Changes in landscape area
- » Medical needs
- » Licensed care facility for children, adults or elderly

## Monitoring Reports

A conservation-based rate structure gives agencies the tools they need to monitor water use by group or tier, and to track revenue from upper tiers. Agencies will be able to track per-person daily water use and measure it against a budget based on efficiency – information that will be important for the framework that will likely be required if the State Legislature implements Governor Edmund G. Brown’s **executive order to continue making water conservation a way of life in California**.



## THE VARIANCE PROCESS: LESSONS LEARNED

### Elsinore Valley Municipal Water District

During the first year of implementation, EVMWD received variance requests from 11 percent of customer accounts, mostly for household size and pool filling. EVMWD determined that additional communication was necessary because customers thought a variance application was required to receive an increased water budget. By the second year, the number of variances decreased to 4 percent.

### Las Virgenes Municipal Water District

Six months before the new rate structure took effect, the District got a jump on variance requests by sending a questionnaire checking the accuracy of data to all single-family residential customers. The questionnaire asked about the number of residents, the irrigated area, and if additional water was needed for livestock or medical reasons. LVMWD provided a stamped envelope and allowed responses by mail, fax, email, phone, and in person.

### Western Municipal Water District

In preparation for rate implementation, the District held public workshops in the evenings throughout the service area. Additionally, the District sent out mailers and shadow bills, provided budget and variance estimates and examples, and conducted employee training. In anticipation of higher customer call volumes during the first six to nine months of implementation, the District hired temporary staff to answer basic questions and funnel calls to customer service representatives and water use efficiency specialists.

To hear a discussion about conservation-based rates, visit: [https://youtu.be/mZdoL\\_5qdac](https://youtu.be/mZdoL_5qdac)

# Conservation-Based Water Rates Project Update



Ian Achimore  
Senior Watershed Manager  
Santa Ana Watershed Project Authority



# Retailer's Milestones

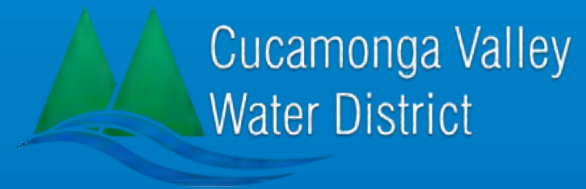
No.	Retail Water Agency	Rate Study Begin	Rate Study Final Draft	Rate Adoption Goal	Rate Implementation Goal
1	Cucamonga Valley WD	Aug-16	Sep-17	N/A	N/A
2	East Valley WD	Jul-14	Jan-15	Jun-15	Jun-15
3	Garden Grove City	Sep-16	Aug-17	N/A	N/A
4	Chino City	Jan-16	Apr-17	Jun-18	Jul-18
5	Chino Hills City	Apr-16	Oct-17	Feb-18	Jul-18
6	Hemet City	Nov-15	Nov-17	Feb-18	Apr-18
7	Rialto City*	Sep-15	Mar-18	Jul-18	Oct-18
8	San Jacinto City	Sep-16	Sep-17	Dec-17	Jun-18
9	Tustin City	Aug-16	Oct-17	Nov-17	Jan-19

Grey Text = Retailer's evaluation of conservation-based rates is complete.

\*Target schedule; assumes data transfer from billing system to the rate study consultant is on schedule.

# Cucamonga & Garden Grove

- Governing boards decided not to move forward with conservation-based rates
- Garden Grove council feedback:
  - Staff time
- Cucamonga board feedback:
  - Staff time
  - Projected rate increase
- Additional funding not used by water agencies will be brought back to PA 22 Committee



# Lessons Learned

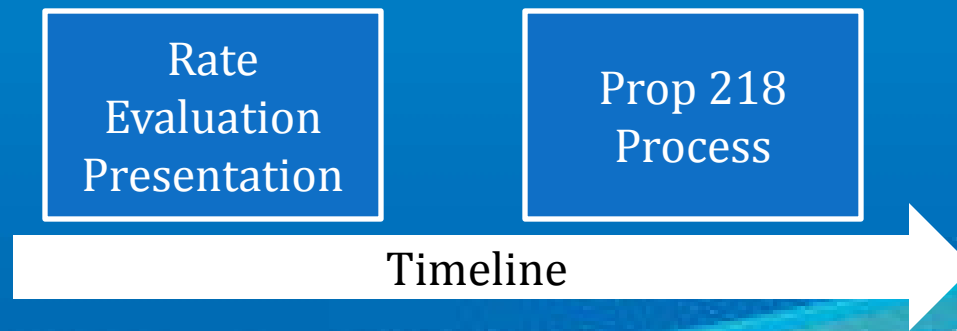


- The amount of State grant funding has not significantly impacted governing board support whether to proceed with conservation based water rates.
- High amount of GIS staff time devoted to “scrubbing” the retail agencies customer demand data once it is available from a retailer’s billing system.
- Outdoor water budgets based on a certain percentage of parcel lots may be more appealing from a data management perspective.
- It’s helpful for a governing board to adopt policy objectives for their rates prior to the rate change decision.
- After process of creating water budgets, retailers have useful information for demand forecasting and water conservation.



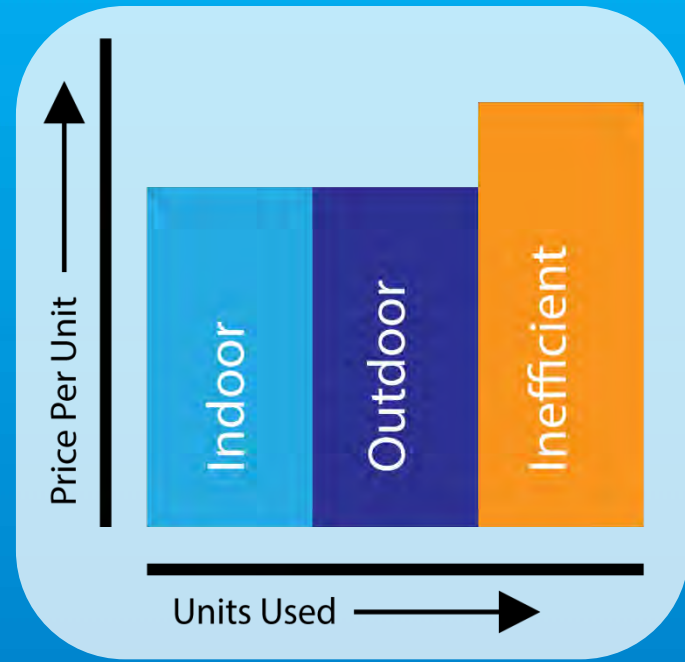
# Governing Board Decision Making Process

- Governing boards provide some direction to staff on rates before Prop 218 process
- Grant funding cannot be provided for costs incurred after full evaluation is presented to board and the board decides not to proceed with budget based rates



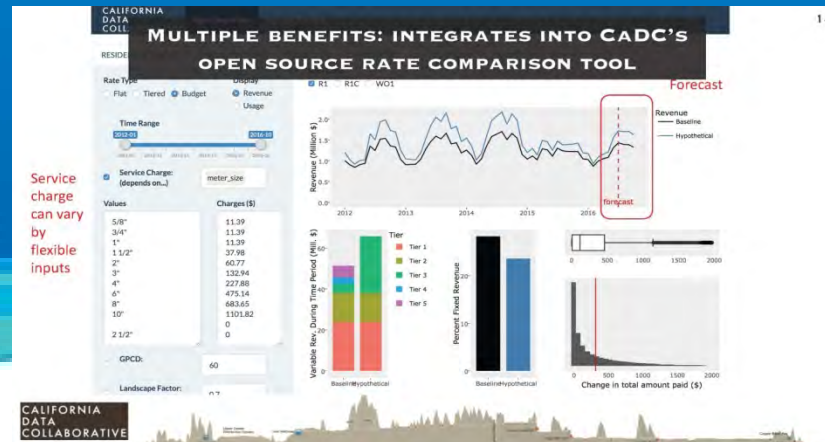
# San Jacinto

- Three tiers
  - First two have same price
  - Third is escalating
- Still complies with policy statement
  - *“...a customer-specific allocation that follows an increasing block rate structure that includes at least three blocks, with one or more blocks accounting for high or exceeding water use, based on State efficiency standards or more stringent efficiency standards.”*



# Rate Comparison Tool

- Discussed at April 27 Committee meeting
- Subsequent discussion with Advisory Workgroup
  - Dampen interest, as it would be an eligibility requirement in addition to DWR's grant requirements
  - Staff to recommend retailers use tool instead of require
- Plan to promote SARCCUP Rates Component when legislature acts on Executive Order B-37-16



# Public Outreach

- Seven FAQ Documents:
  - Why Conservation-Based Rates And Why Now?
  - What Is The Difference Between Conservation-Based?
  - Preparing For A Successful Public Process.
  - Legality Of Conservation-Based Rates.
  - How To Talk About Fixed Costs.
  - How Are Conservation-Based Rates Fair To All Customers?
  - Maintaining The Structure During The Implementation Phase.
- \$6,500 remaining on \$25,000 contract with CV Strategies
- Plans for educational video to compliment Prop 218 notices



**IDENTIFY COSTS AND  
REVENUE REQUIREMENTS**



**ALLOCATE COSTS TO  
CUSTOMER CLASSES**



**DESIGN RATES**

# Recommendation

Receive and file.

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## **PA 22 COMMITTEE MEMORANDUM NO. 2017.19**

**DATE:** October 26, 2017

**TO:** SAWPA Project Agreement 22 Committee

**SUBJECT:** Retail Water Agency Meter Geocoding and Business Type Classification Program

**PREPARED BY:** Rick Whetsel, Senior Watershed Manager

### **RECOMMENDATION**

Receive and file this status report on the Miller Spatial Retail Water Agency Meter Geocoding and Business Type Classification Program.

### **DISCUSSION**

On September 20, 2017, Miller Spatial met with the Conservation Advisory Workgroup to review the scope of services that they will be providing for retail agencies and to discuss the Funding Workshop to inform and educate Retail Water Agencies to the services available through the prop 84 Grant.

The “Funding Workshop” was scheduled for Wednesday, October 25<sup>th</sup> at SAWPA and targeted retail water agency staff. The focus of the workshop was to inform agency staff of the availability of funding and the various data tools and services offered by SAWPA through the Emergency Drought Grant Program financed by Proposition 84, as identified on the Workshop Flyer and highlighted below.

- Key elements of the services offered by Miller Spatial:
  - Assign Business Account Types based upon North American Industry Classification System (NAICS) Data to Commercial, Industrial and Institutional (CII) Accounts.
  - Identify Mixed Use Meters for Commercial, Industrial and Institutional (CII) Accounts.
  - Link Billing account data to property parcels, with outdoor landscape measurement data using GIS.
- ESRI web tool to display high resolution color aerial imagery and the results of parcel level landscape analysis provided by SAWPA.

At the time this status update was prepared over 40 staff from 18 water agencies had signed up to attend the workshop.

### **BACKGROUND**

On August 24, 2017, the Project Agreement (PA) 22 Committee authorized a Task Order with Miller Spatial Services, LLC for an amount not-to-exceed \$300,000 to implement the Retail Water Agency Meter Geocoding and Business Type Classification Program for agencies in the Santa Ana River Watershed, as well as the EMWD and WMWD service areas within the Upper Santa Margarita Watersheds.

The support services to be performed by the consultant, Miller Spatial Inc. are highlighted below:

- Water Meter Account to Water Meter Service Area Matching Services
- Business Account Type Classification Services based upon North American Industry Classification System (NAICS) Data
- Identification of Mixed Use Commercial, Industrial and Institutional (CII) Accounts
- Project Reporting following Prop 84 Reporting Formats and Requirements

**CRITICAL SUCCESS FACTORS**

The following OWOW critical success factors are addressed by this action:

1. Administration of the OWOW process and plan in a highly efficient and cost-effective manner.
2. Data and information needed for decision-making is available to all.

**RESOURCE IMPACTS**

No impact.



## **PA 22 COMMITTEE MEMORANDUM NO. 2017.20**

**DATE:** October 26, 2017

**To:** SAWPA Project Agreement 22 Committee

**SUBJECT:** Web-Based Water Consumption Reporting and Customer Engagement Project

### **RECOMMENDATION**

Receive and file this status report on the OmniEarth, Inc./DropCountr Web-Based Water Consumption Reporting and Customer Engagement Project.

### **DISCUSSION**

SAWPA staff continues to communicate and meet with staff from various retail agencies who signed up for the support tool regarding their continued use and participation in the Web-Based Water Consumption Reporting and Customer Engagement Project.

A follow-up meeting was held on Thursday, October 12, with staff representing OmniEarth to discuss the next steps relating to the project. An update on the outcome of this meeting will be presented to the PA 22 Committee.

### **Background**

On August 24, 2017, SAWPA staff informed the PA 22 Committee that half of retail agencies that signed agreements to participate in the Web-Based Water Consumption Reporting and Customer Engagement Project have not launched the Dropcountr customer outreach component of the project, a key component of the benefits promised by the grant.

This component of the project entails customized messaging and recommendations for taking water conservation actions to residential customers. This is to be accomplished through web-based personalized water consumption reports to retail customers through their mobile device and direct paper engagement with customers.

It was anticipated that project benefits would be estimated as the water saving by customers engaged through the customer outreach tools employed by Dropcountr. This was to be accomplished through targeted messaging to the 25% of most inefficient residential customers of a retail agency and then tracking changes in customer behavior through the anticipated reduction in water use.

In September 2015, SAWPA contracted with the team of OmniEarth and Dropcountr to implement the Web-Based Water Consumption Reporting and Customer Engagement Project. This project, funded through the Proposition 84 Emergency Drought Grant, provides hands-on consultant support to retail agencies to estimate an indoor and outdoor water budget for each of their residential customers, identify those users with the greatest potential to save and communicate individualized conservation recommendations to customers. This targeted solution will allow retail agencies to optimize the effectiveness of their outreach while reducing the amount spent and monitor progress towards conservation goals to reduce water consumption.

Through extensive outreach conducted by SAWPA and the team of OmniEarth and Dropcount twelve retail agencies have executed contracts with OmniEarth, to participate in the project. These include:

City of Brea  
Eastern Municipal  
Water District  
City of Fullerton  
City Loma Linda

Monte Vista Water  
District  
City of New Port Beach  
City of Ontario  
City of Rialto

City of Tustin  
West Valley Water  
District  
Yorba Linda Water  
District

**CRITICAL SUCCESS FACTORS**

The following OWOW critical success factors are addressed by this action:

1. Administration of the OWOW process and plan in a highly efficient and cost-effective manner.
2. Data and information needed for decision-making is available to all.

**RESOURCE IMPACTS**

No impact.

Attachment:

- Summary of Issues Memo

**Santa Ana Watershed Project Authority**

**DATE:** October 26, 2017

**Memorandum:** Web-Based Water Consumption Reporting and Customer Engagement Project

**Regarding:** Summary of issues regarding implementation of Dropcountr customer outreach tools

In September 2015, SAWPA contracted with the team of OmniEarth and Dropcountr to implement the Web-Based Water Consumption Reporting and Customer Engagement Project. This project, funded through the Proposition 84 Emergency Drought Grant, provides hands-on consultant support to retail agencies to estimate an indoor and outdoor water budget for each of their residential customers, identify those users with the greatest potential to save and communicate individualized conservation recommendations to customers. This targeted solution will allow retail agencies to optimize the effectiveness of their outreach while reducing the amount spent and monitor progress towards conservation goals to reduce water consumption.

Through extensive outreach conducted by SAWPA and the team of OmniEarth and Dropcountr eleven retail agencies have executed contracts with OmniEarth, to participate in the project. These include:

City of Brea	Monte Vista Water	City of Tustin
Eastern Municipal	District	West Valley Water
Water District	City of New Port Beach	District
City of Fullerton	City of Ontario	Yorba Linda Water
City Loma Linda	City of Rialto	District

Note: Eleven retail agencies have signed up OmniEarth to implement the Web-Based Water Consumption Reporting and Customer Engagement project, however two agencies initially declined to participate with the Dropcountr outreach component of the project. These agencies were to employ their own outreach in conjunction with the tools provided by OmniEarth.

On Monday, August 14, 2017, OmniEarth (now Eagle View)/DropCountr staff met with SAWPA staff to discuss issues with the implementation of the Dropcountr customer outreach component of the project.

The Dropcountr component of the project entails customized messaging and recommendations for taking water conservation actions directly to residential customers. This is to be accomplished through a number of options including push notifications to retail customers through the retail facing dashboard, web-based personalized water consumption reports to retail customers through their mobile device and direct paper engagement with customers.

It was anticipated that project benefits would be estimated as the water saving by customers engaged through the customer outreach tools employed by Dropcountr. This was to be accomplished through targeted messaging to the 25% of most inefficient residential

customers of a retail agency and then tracking changes in customer behavior through the anticipated reduction in water use.

The issue **being-is** that six of the nine agencies that signed up to implement Dropcountr outreach have not fully implemented or officially launched the Dropcountr customer outreach tools. These include the following retail agencies:

City of Brea

Eastern Municipal Water District

City of Fullerton

City of Rialto

City of Tustin

Yorba Linda Water District

Following this meeting SAWPA staff reached out to each of these agencies to inquire why the Dropcountr customer outreach tools have not been implemented and to coordinate meetings with SAWPA staff to encourage them to reengage with the project.

Findings from preliminary discussions with agency staff revealed the following:

**City of Fullerton**

Application of OmniEarth/DropCountr tools complete.

The City had issues with the Dropcountr customer application display (incompatibility with the City's billing system). After a number of months working with Dropcountr staff to resolve the issue with the customer display, the City decided not to use Dropcountr's customer outreach tool.

Next Step: Omniearth will coordinate with City staff to document customer outreach performed by the City to derive water savings benefits.

**West Valley Water District (WVWD)**

Application of OmniEarth/DropCountr tools complete.

WVWD fully implemented the OmniEarth/DropCountr tools.

Next Step: Omniearth is incorporating the District's data for water savings benefits into the final project report.

**City of Loma Linda**

Application of OmniEarth/DropCountr tools complete.

City fully implemented the OmniEarth/DropCountr tools.

Next Step: Omniearth is incorporating the City's data for water savings benefits into the final project report.

**City of Tustin**

Application of OmniEarth/DropCountr tools complete.

Throughout the application, City had issues with implementing the OmniEarth/DropCountr tools due to issues with their billing system and a general lack of available staff resources.

Note: City staff informed SAWPA that implementing the OmniEarth/Dropcountr tools during the drought was very bad timing, as City staff was overwhelmed with customer calls and did not have available staff to implement the tools.

Next Step: Omniearth will coordinate with City staff to document customer outreach performed by the City to derive water savings benefits.

### **Eastern Municipal Water District**

Application of OmniEarth/DropCountr tools is ongoing

SAWPA staff met with EMWD staff on (8/18 and 9/31) to discuss the implementation of the Dropcountr customer outreach tools. District staff informed SAWPA that the intent was to use the OmniEarth/DropCountr tools for internal testing to compare and validate their own data. An issue moving forward for the District to implement these tools is their individual customer budgets differ from those produced by OmniEarth. The district did not want to confuse customers with budget data that is not reflective of the District's own data.

Next Step: EMWD will work within the timeframe of existing agreement (through March 2018) to use the OmniEarth and Dropcountr tools to select and outreach to customer groups. EMWD will report out water savings benefits derived from changes in water use at the end of the contract period.

### **City of Rialto**

Application of OmniEarth/DropCountr tools is ongoing

SAWPA staff contact city staff to discuss the implementation of the Dropcountr customer outreach tools. The City fully intends to implement the Dropcountr customer outreach tools. However, the City has been very slow to implement due to issues in cleaning up their data. The concern is with the City delaying implementation of the Dropcountr tool until their data cleanup is complete that the clock on the subscription is ticking away.

Next Step: The Consultant team will coordinate with City staff to get them better educated and moving in implementing the Dropcountr customer outreach tools. At the same time, SAWPA is in discussion with Omniearth in extending the subscription window for the City to use the Dropcountr tools at no additional cost.

### **City of Brea**

Application of OmniEarth/DropCountr tools is ongoing

SAWPA staff contact City staff to discuss the implementation of the Dropcountr customer outreach tools. City staff has an interest in reengaging with the Dropcountr customer outreach tool. The use of Dropcountr was delayed due to confusion by staff of the end date

for the grant funded subscription and concerns of upper management in making these tools available to customers for only a very narrow window of time.

Next Step: City staff is currently negotiating with Omniearth on a contract extension. At the same time, SAWPA is in discussion with Omniearth in extending the subscription window for the City to use the Dropcountr tools at no additional cost. If successful, the expectation is that the City will fully implement the OmniEarth/DropCountr tools.

#### **Yorba Linda Water District**

Application of OmniEarth/DropCountr tools is ongoing

SAWPA staff met with District staff (10/2) to discuss the implementation of the Dropcountr customer outreach tools. District staff has an interest in reengaging with the Dropcountr customer outreach tool. The project was halted, due a newly elected Board looking to cut costs and confusion by staff in communicating the cost (or lack of cost) to the District to implement the OmniEarth/DropCountr tools.

Next Step: SAWPA is in discussion with Omniearth in extending the subscription window for the District to use the Dropcountr tools at no additional cost. If successful, the expectation is that the District will fully implement the OmniEarth/DropCountr tools.

#### **City of Ontario**

Application of OmniEarth tools is ongoing

The City did not opt in to use the Dropcountr customer outreach tools. The expectation is that the City will use the Omniearth tools in conjunction with their own customer outreach to derive water savings benefits.

Next Step: OmniEarth will continue to coordinate with City staff to implement the OmniEarth component of the project and to derive water savings benefits based upon customer outreach performed by the City.

#### **Monte Vista Water District**

Application of OmniEarth tools is ongoing

The District is currently implementing the full project.

Next Step: OmniEarth will continue to coordinate with District staff to implement the project and to derive water savings benefits.

#### **City of New Port Beach**

Application of OmniEarth tools is ongoing

The City did not opt in to use the Dropcountr customer outreach tools. The expectation is that the City will use the Omniearth tools in conjunction with their own customer outreach to derive water savings benefits.

Next Step: OmniEarth will continue to coordinate with City staff to implement the OmniEarth component of the project and to derive water savings benefits based upon customer outreach performed by the City.

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## **PA 22 COMMITTEE MEMORANDUM NO. 2017.21**

**DATE:** October 26, 2017

**SUBJECT:** On-line Web Application and Cloud Services

### **RECOMMENDATION**

Receive and file this status report on the On-line Web Application and Cloud Services.

### **DISCUSSION**

During the past several months during both design and contractual discussions it was discovered that the standard ESRI agreement and subscription agreement did not meet some of the Grant requirements. The payment subscription on ESRI's cloud service required an upfront payment before the services were rendered. After attempting to resolve this, SAWPA Staff and ESRI agreed to setup a meeting between SAWPA's legal counsel and ESRI's legal counsel to resolve agreement differences.

This meeting will be held on Friday, October 26<sup>th</sup> with staff representing ESRI and SAWPA to discuss this and other topics relating to the project. An update on the outcome of this meeting will be presented to the PA 22 Committee at the October 24th meeting.

### **Background**

In June 22<sup>nd</sup>, 2015 the Project Agreement (PA) 22 Committee approved Task Order No. ESRI504-301-01 with ESRI for an amount not to exceed \$ 100,000 to develop and manage an on-line web application and cloud services to provide agency staff access to SAWPA aerial imagery and landscape measurement data.

### **CRITICAL SUCCESS FACTORS**

The following OWOW critical success factors are addressed by this action:

1. Administration of the OWOW process and plan in a highly efficient and cost-effective manner.
2. Data and information needed for decision-making is available to all.

### **RESOURCE IMPACTS**

Funding for these projects will come from the projected cost savings remaining from the Proposition 84 IRWM Drought Grant, Project 1 Conservation Based Reporting Tools and Rate Structure Implementation.